

## Message Text

CONFIDENTIAL

PAGE 01 SAIGON 02968 01 OF 03 061242Z

43

ACTION EA-14

INFO OCT-01 AID-20 EB-11 FSI-01 PM-07 INR-10 IO-14 L-03

NSAE-00 NSC-07 PA-04 RSC-01 DRC-01 DPW-01 PRS-01

OMB-01 SS-20 SSO-00 INRE-00 ISO-00 /117 W

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O R 061045Z MAR 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 2371

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMEMBASSY LONDON

AMEMBASSY MANILA

473#9/AMEMBASSY MOSCOW 0913

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

UMJSL/AMEMBASSY SEOUL 3517

AMEMBASSY TOKYO

USIA WASHDC

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS UNN

CIA

DIA

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JUSMAAG

WHITE HOUSE

USAJFKCMA

CINCPAC

CINCPACAF

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PAGE 02 SAIGON 02968 01 OF 03 061242Z

CINCPACFLT

CINCUSARPAC  
DEPCHIEF JUSMAAG UDORN  
AMEMBASSY TEHRAN  
USDAO/SAIGON

C O N F I D E N T I A L SECTION 1 OF 3 SAIGON 2968

EO 11652: GDS  
TAGS: PINT PFOR ECON VS  
SUBJ: EMBASSY SAIGON'S MISSION WEEKLY FEB 28 - MARCH 6

BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;  
DOD PRO USAJFKCMA ATTN: ATCS-WL-DSA

THE WEEK IN SUMMARY

--THE CEASEFIRE

--1974 COMMUNITY SECURITY AND LOCAL DEVELOPMENT PLAN UNVEILED

--RVNAF RETIREMENTS, PROMOTIONS NOT YET FIRM

--ANTI-VICE CAMPAIGN

--LEGISLATIVE PROSPECTS: PROBABLY NOT MUCH ACTION UNTIL  
APRIL SESSION

--GVN/"PRG" BILATERALS CONTINUE AT A STANDSTILL

--GVN AND CHILD ESTABLISH DIPLOMATIC RELATIONS

--KOREAN MINISTER OF HEALTH IN TOWN

--GVN RELIEVED AT "PRG" EXCLUSION FROM LAW OF WAR CONFERENCE

--GVN CRITICIZES DRV NOTE

--THE GOVERNMENT PAINTS A GLOOMY ECONOMIC PICTURE

--EXPORT EARNINGS SAG  
CONFIDENTIAL

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PAGE 03 SAIGON 02968 01 OF 03 061242Z

--EXCHANGE RATE ADJUSTMENT

--FOOD PRICES UP

--RUSH TO GOLD

I. INTERNAL

## A. THE CEASEFIRE

INCIDENTS IN MR-1 REMAINED AT LAST WEEK'S INCREASED LEVEL AND WERE ALL SOUTH OF THE HAI VAN PASS. QUANG NGAI PROVINCE AGAIN BORE THE BRUNT OF THE COMMUNIST ACTIVITY. THE NUMBER OF INCIDENTS IN MR-2 DROPPED AGAIN AND WAS THE LOWEST SINCE TET. PLEIKU AND BINH DINH THOUGH BOTH QUIETER THAN LAST WEEK AGAIN HAD THE MOST ACTIVITY. THREE SUCCESSFUL TERRORIST INCIDENTS WERE CARRIED OUT AGAINST VILLAGE AND HAMLET OFFICIALS IN BINH DINH. IN KHANH HOA THE GVN SCORED A NOTABLE SUCCESS WHEN AN OPERATION AGAINST THE VC PROVINCE COMMITTEE RESULTED IN THE DEATH OF THE VC PROVINCE FINANCE AND ECONOMY CHIEF, HIS DEPUTY, AND FIFTEEN OTHER VC, AND THE CAPTURE OF NUMEROUS DOCUMENTS. INCREASED ARVN AGGRESSIVENESS CAUSED A RISE IN INCIDENTS IN MR-3 AFTER LAST WEEK'S DECREASE. ARVN ACTIVITY PROBABLY PROVOKED MORE FREQUENT GROUND ATTACKS AND ATTACKS BY FIRE. GROUND CLASHES OCCURRED IN ALL PROVINCES WITH SHARP INCREASES IN BOTH GVN AND COMMUNIST CASUALTIES; COMMUNIST ARTILLERY USAGE TRIPLED. UNCERTAINTY HAS INCREASED OVER WHETHER THE NVA FIFTH DIVISION HAS MOVED TO MR-4 OR HAS REMAINED IN MR-3. NEW INTELLIGENCE SUGGESTS THAT THE FIFTH MAY BE PREPARING FOR ATTACKS IN TAY NINH PROVINCE. OVER-ALL INCIDENTS DECREASED IN MR-4. IN AN XUYEN ONE REGIMENT OF THE ARVN TWENTY-FIRST DIVISION SUFFERED A SHARP DEFEAT IN THE SOUTHERN U MINH FOREST AND HAD TO BE REPLACED. COMMUNIST ATTACKS ON THE REGIMENT MAY HAVE BEEN RELATED TO ATTEMPTS TO OPEN A LINE OF COMMUNICATIONS FROM CHUNG THIEN PROVINCE TO THE SEA TO SUPPLEMENT INFILTRATION ROUTE IC. IN THE UPPER DELTA THE MAJOR GVN OPERATION UNDER WAY AGAINST COMMUNIST BASE AREA 470 AT TRIP PHAP IN KIEN TUONG PROVINCE CONTINUES TO BE THE FOCUS OF MILITARY ACTIVITY. IN THE CENTRAL DELTA, THE GVN CONTINUES TO BE CONCERNED ABOUT THE DETERIORATED SITUATION IN TRA ON DISTRICT ON THE VINH BINH - VINH LONG BORDER. IN A MOVE THEY HAVE ATTEMPTED

CONFIDENTIAL

PAGE 04 SAIGON 02968 01 OF 03 061242Z

TO RELATE TO THE VIETNAMESE POW RELEASES, WHICH BEGAN FEB 8, THE COMMUNISTS AGREED TO RETURN THE REMAINS OF TWELVE OF THE TWENTY-THREE US MILITARY PERSONNEL KNOWN TO HAVE DIED IN NORTH VIET-NAM.

## B. 1974 COMMUNITY SECURITY AND LOCAL DEVELOPMENT PLAN UNVEILED

PRESIDENT THIEU MET WITH THE CABINET AND PROVINCE CHIEFS ON FEB 25 TO APPROVE THE 1974 EDITION OF THE COMMUNITY SECURITY AND LOCAL DEVELOPMENT PLAN. THIS IS THE GVN'S LOCAL PACIFICATION AND DEVELOPMENT PLAN, OPERATING AT THE VILLAGE LEVEL UNDER THE SUPERVISION OF THE BODY FORMERLY KNOWN AS THE CENTRAL PACIFICATION AND DEVELOPMENT COUNCIL (CPDC--NOW THE CENTRAL SECURITY AND DEVELOPMENT COUNCIL) AND ITS COORDINATING CENTER IN THE PRIME MINISTER'S OFFICE. IN PREVIOUS YEARS THE PLAN HAD BEEN KNOWN AS THE COMMUNITY DEFENSE AND LOCAL DEVELOPMENT PLAN (CDLD) AND

THXE COMMUNITY RECONSTRUCTION AND DEVELOPMENT PLAN (CRLD).

THE 1974 PLAN RETAINS THE THREE MAJOR OBJECTIVES OF PAST YEARS-- SELF-PROTECTION, SELF-GOVERNMENT, AND SELF-DEVELOPMENT-- BUT CASTS THEM IN SOMEWHAT DIFFERENT TERMS. THIS YEAR THE "FOUR MAJOR TASKS" WILL BE TO IMPROVE SECURITY, TO INCREASE AGRICULTURAL PRODUCTION, TO INCREASE THE EFFECTIVENESS OF LOCAL GOVERNMENT, AND TO CLEANSE SOCIETY OF VICE AND CORRUPTION.

THE 1974 PLAN REFLECTS AN EMPHASIS ON DECENTRALIZATION WHICH HAS BEEN A PROMINENT PART OF THE GVN'S ADMINISTRATIVE REVOLUTION. THE VILLAGES WILL PARTICIPATE IN FORMULATING THEIR OWN PLANS AND WILL CARRY THE MAJOR BURDEN OF IMPLEMENTATION. AT THE SAME TIME THE CENTRAL SECURITY AND DEVELOPMENT COUNCIL (WHICH RECEIVED OPERATIONAL CONTROL OF MOST RD CADRE WHEN THE MINISTRY OF RURAL DEVELOPMENT WAS ABOLISHED FEB 18) WILL ASSIGN SIX TO EIGHT RD CADRE TO EACH VILLAGE. THEY WILL ADVISE AND ASSIST AN EXPANDED VILLAGE STAFFS IN PLANNING AND EVALUATING LOCAL PROGRAMS.

(COMMENT: WHILE THE PLAN IS SQUARED WITH THE DECENTRALIZATION THEME, THIS ASPECT GIVES THE CENTRAL GOVERNMENT A DIRECT LINE OF AUTHORITY INTO THE LOWEST LEVELS OF THE GVN ADMINISTRATION. END COMMENT)

DURING THE FEB 25 MEETING A PLAN PREPARED BY THE JGS TO CREATE A VILLAGE LEVEL MILITARY COMMAND--THE SUB-SUBSECTOR--WAS ALSO CONFIDENTIAL

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PAGE 05 SAIGON 02968 01 OF 03 061242Z

PRESENTED. COMPANY-GRADE ARVN OFFICERS (WITH A SMALL STAFF) WILL BE ASSIGNED TO EACH VILLAGE TO COMMAND THE TERRITORIAL FORCES AND PSDF ASSIGNED TO THE VILLAGE. THEY WILL CONCURRENTLY HOLD THE POSITION OF ASSISTANT VILLAGE CHIEF FOR SECURITY--REPLACING THE VILLAGE POLICE CHIEFS WHO HAVE BEEN FILLING THESE POSITIONS SINCE 1972--AND WILL COORDINATE ALL VILLAGE SECURITY ACTIVITIES. THEY WILL REPORT BOTH TO THE VILLAGE CHIEFS AND TO DISTRICT CHIEFS. (COMMENT: THIS PROPOSAL HAS SURFACED IN THE PRESS ON OCCASION DURING THE PAST SEVERAL WEEKS AND COMES AS NO SURPRISE. LIKE THE ASSIGNMENT OF RD CADRE, THIS STEP WILL GIVE THE CENTRAL GOVERNMENT THE MEANS FOR DIRECT CONTROL OF LOCAL AFFAIRS IF NEEDED. END COMMENT).

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PAGE 01 SAIGON 02968 02 OF 03 061316Z

42

ACTION EA-14

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UMJSL/AMEMBASSY SEOUL 3518

AMEMBASSY TOKYO

USIA WASHDC

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS UNN

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PAGE 02 SAIGON 02968 02 OF 03 061316Z

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C O N F I D E N T I A L SECTION 2 OF 3 SAIGON 2968

BLY. ANTI-VICE CAMPAIGN

AS A PART OF THE 1974 COMMUNITY SECURITY AND LOCAL DEVELOPMENT PLAN (KNOWN IN PREVIOUS YEARS AS THE COMMUNITY RECONSTRUCTION AND LOCAL DEVELOPMENT PLAN SEE B. ABOVE). ONE OF THE "FOUR MAJOR TASKS" ASSIGNED BY PRESIDENT THIEU IS TO "CLEAN UP SOCIETY". AS THE PRESIDENT EXPLAINED AT THE FEB 25 MEETING AT INDEPENDENCE PALACE, THE CAMPAIGN ENVISAGED IS NOT SUPPOSED TO BE A SHORT-LIVED, PROPAGANDISTIC PUSH AGAINST VARIOUS SOCIAL VICES, BUT A "DECISIVE AND PERMANENT EFFORT TO RID (VIETNAMESE) SOCIETY OF THE GAMBLING, NARCOTICS...AND CORRUPTION WHICH THREATEN (VIETNAM'S) EXISTANCE AS A NATION".

IN LINE WITH THIS CAMPAIGN, PRIME MINISTER KHIEM RECENTLY SPECIFIED PUNISHMENTS IN ADDITION TO SUCH PENALTIES AS MIGHT BE IMPOSED BY THE COURTS ON SOCIAL VICES. IN CIRCULAR NUMBER 247 DATED FEB 27 THE PRIME MINISTER ANNOUNCED THAT THOSE GUILTY OF NARCOTICS TRAFFICKING WILL BE SUBJECT TO INTERNMENT, WHILE DESIGNATION OF RESIDENCE OR BANISHMENT WILL BE RESERVED FOR THOSE WHO HAVE INDULGED IN ROBBERY, HOOLIGANISM, AND GAMBLING.

IF ENOUGH EVIDENCE CAN BE GATHERED AGAINST "UNDESIRABLE ELEMENTS", THEY WILL BE BROUGHT TO COURT. IF SUFFICIENT EVIDENCE CANNOT BE FOUND OR THE PROSECUTION PROVES TO BE INEFFICIENT, ACCORDING TO VTX, THE OFFICIAL NEWS AGENCY, THOSE DEEMED GUILTY WILL BE BROUGHT BEFORE THE "SECURITY COMMITTEE" AND WILL BE SUBJECT TO THE SPECIAL PUNITIVE MEASURES MENTIONED ABOVE.

ON MARCH 4, THE PRIME MINISTER AWARDED FIVE MILLION PIASTERS TO A NUMBER OF NATIONAL POLICEMEN WHO DISTINGUISHED THEMSELVES IN RAIDS AGAINST NINE GAMBLING DENS LAST FEBRUARY 11. THE WIFE OF VETERANS' MINISTER PHAM VAN DONG WAS PUBLICLY LINKED TO SOME OF THE GAMBLING OPERATIONS AND THIS LED TO DONG'S DISMISSAL FEBRUARY 15.

CONFIDENTIAL

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PAGE 03 SAIGON 02968 02 OF 03 061316Z

E. LEGISLATIVE PROSPECTS: PROBABLY NOT MUCH ACTION UNTIL APRIL SESSION

THE NEXT REGULAR THREE-MONTH SESSION OF THE NATIONAL ASSEMBLY WILL START APRIL 1. POLITICAL CIRCLES AND THE SAIGON PRESS ARE SPECULATING ABOUT THE ITEMS OF LEGISLATION THAT WILL BE TAKEN UP, AND ALSO ABOUT WHETHER OR NOT ANY EXTRAORDINARY SESSIONS WILL BE CALLED IN MARCH, WHILE THE RECESS PERIOD IS STILL IN EFFECT, TO CONSIDER THE MOST URGENT BILLS. AMONG THE ITEMS MENTIONED AS MOST IMPORTANT ARE: (1) A BILL TO GOVERN THE PROVINCIAL AND MUNICIPAL COUNCIL ELECTIONS SCHEDULED FOR JULY;

(2) A BILL TO GOVERN THE SUPREME COURT ELECTION NEXT AUTUMN, UNDER THE GUIDELINES OF THE RECENT CONSTITUTIONAL AMENDMENT; (3) A BILL GIVING THE INSPECTORATE GREATER POWERS OVER GOVERNMENT-OWNED OR SEMI-GOVERNMENTAL COMPANIES, NOW IN THE UPPER HOUSE AFTER PASSAGE BY THE LOWER HOUSE LAST DECEMBER; (4) A BILL, ALSO BEFORE THE UPPER HOUSE, ESTABLISHING ADDITIONAL COURTS OF FIRST INSTANCE; (5) ONE OR MORE RUMORED BILLS THAT WOULD AMEND THE VALUE ADDED TAX AND THE INCOME TAX; (6) A POSSIBLE NEW STATUTE FOR CIVIL SERVANTS; (7) A BILL APPARENTLY FAVORED BY SOME PRO-ADMINISTRATION LEGISLATORS TO REORGANIZE THE SUPREME COURT; AND (8) A POSSIBLE RELAXATION OF SOME REQUIREMENTS IN DECREE LAW 060, THE CONTROVERSIAL MEASURE PROMULGATED IN 1972 GOVERNING POLITICAL PARTIES. THE TWO ELECTION BILLS ARE "MUST" ITEMS; THE PROVINCIAL COUNCIL BILL WILL HAVE TO BE PASSED BY ABOUT MID-APRIL AT THE LATEST TO ALLOW LEAD TIME FOR ORGANIZING THESE CONTESTS.

APART FROM THE TWO BILLS NOW IN THE UPPER HOUSE, NONE OF THE ABOVE MEASURES HAS YET BEEN FORMALLY INTRODUCED. THE LOWER HOUSE ADMINISTRATOR DOES NOT ANTICIPATE ANY EXTRAORDINARY SESSIONS OF THAT HOUSE IN MARCH, ALTHOUGH HE ADDS THERE COULD BE ONE TOWARD THE END OF THE MONTH TO GIVE THE PROVINCIAL COUNCIL BILL AN EARLY START. AS FOR THE UPPER HOUSE, OBSERVERS PREDICT AN EXTRAORDINARY SESSION OF THAT BODY IN A WEEK OR TWO TO CONFIRM FOURTEEN RECENT NOMINATIONS OF AMBASSADORS. (THE FOREIGN AFFAIRS COMMITTEE IS NOW REVIEWING THESE NOMINATIONS ON AN URGENT BASIS.) AT THAT TIME, IT IS CONCEIVABLE THAT ONE OR BOTH OF THE ABOVE-MENTIONED BILLS PENDING IN THE UPPER HOUSE WILL ALSO BE DEBATED. THE CHAIRMAN OF THE JUDICIARY COMMITTEE, WHO IS CURRENTLY STUDYING BOTH BILLS, RECENTLY TOLD AN EMBASSY OFFICER THAT HE HOPES FOR THEIR EARLY PASSAGE.

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PAGE 04 SAIGON 02968 02 OF 03 061316Z

## II. EXTERNAL

### A. GVN/"PRG" BILATERALS CONTINUE AT A STANDSTILL.

FORTY-THIRD PLENARY SESSION OF THESE TALKS, AIMED AT A POLITICAL SETTLEMENT IN SOUTH VIETNAM, TOOK PLACE OUTSIDE OF PARIS ON MARCH 1, BUT MADE NO MORE PROGRESS THAN PREVIOUS FORTY-TWO AS TWO SIDES REPEATED THEIR WELL KNOWN POSITIONS AND TRADED ACCUSATIONS OF VIOLATIONS OF PARIS AGREEMENTS.

### G. GVN AND CHILE ESTABLISH DIPLOMATIC RELATIONS.

OFFICIALLY ANNOUNCED MARCH 1 THAT GVN AND CHILE WERE ESTABLISHING DIPLOMATIC RELATIONS. THE TWO COUNTRIES RECOGNIZED EACH OTHER STARTING IN 1955 BUT HAD NO DIPLOMATIC RELATIONS; RECOGNITION WAS SUSPENDED DURING ALLENDE REGIME.

### C. KOREAN MINISTER OF HEALTH IN TOWN.

MUCH OFFICIAL PUBLICITY HAS BEEN GIVEN TO ACTIVITIES OF KOREAN MINISTER OF HEALTH WHO VISITED SAIGON FOR DEDICATION OF VIETNAM-KOREAN MEDICAL CENTER WHICH TOOK PLACE ON MARCH 3.

D. GVN RELIEVED AT "PRG" EXCLUSION FROM LAW OF WAR CONFERENCE.

GVN GREETED 38 TO 37 VOTE EXCLUDING "PRG" FROM LAW OF WAR CONFERENCE (SEE PREVIOUS WEEKLY) WITH RELIEF AND SENT OUT MESSAGES OF APPRECIATION TO COUNTRIES WHICH SUPPORTED GVN STAND. MINISTRY OF FOREIGN AFFAIRS IS NOW ANTICIPATING FUTURE INTERNATIONAL CONFERENCES (ECAFE, WHO, ILO, UNGA SPECIAL SESSION, ETC.) AND PREPARING TO COUNTER SIMILAR GAMBITS ON BEHALF OF "PRG". A FOREIGN MINISTRY SPOKESMAN ON MARCH 4 SAID REJECTION OF "PRG", WHILE OTHER LIBERATION MOVEMENTS WERE ADMITTEDEN PCOVED THAT IT WAS NOT A "GENUINE ORGANIZATION" BUT AN INSTRUMENT OF NORTH VIETNAM AND FOR THAT REASON MANY NON-ALIGNED COUNTRIES VOTED AGAINST IT.

E. GVN CRITICIZES DRV NOTE.

THE MINISTRY OF FOREIGN AFFAIRS SPOKESMAN ON MARCH 4 CRITICIZED A NORTH VIETNAMESE NOTE TO SOME OF THE PARTICIPANTS IN THE INTERNATIONAL CONFERENCE ON VIETNAM (FEB 26-MARCH 2, 1973 IN PARIS)  
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PAGE 05 SAIGON 02968 02 OF 03 061316Z

ON THE FIRST ANNIVERSARY OF THAT CONFERENCE ACCUSING THE GVN AND US OF NUMEROUS VIOLATIONS OF THE PARIS AGREEMENTS. SPOKESMAN ATTRIBUTED NOTE TO DRV ANGER AT DEFEAT OF "PRG" CANDIDACY FOR LAW OF WAR CONFERENCE (SEE ABOVE).

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PAGE 01 SAIGON 02968 03 OF 03 061256Z

45

ACTION EA-14

INFO OCT-01 AID-20 EB-11 FSI-01 PM-07 INR-10 IO-14 L-03

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PAGE 02 SAIGON 02968 03 OF 03 061256Z

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C O N F I D E N T I A L SECTION 3 OF 3 SAIGON 2968

END CONFIDENTIAL

BEGIN UNCLASSIFIED

III. ECONOMIC

A. THE GOVERNMENT PAINTS A GLOOMY ECONOMIC PICTURE

THE GOVERNMENT'S TOP ECONOMIC SPOKESMEN WERE BUSY THIS WEEK INFORMING THE NATION THAT STILL TOUGHER TIME LAY AHEAD THIS YEAR. FINANCE MINISTER NHAN, MINISTER OF TRADE AND INDUSTRY CUONG AND PLANNING COMMISSIONER HUNG WENT BEFORE A JOINT MEETING OF THE SENATE ECONOMIC AND FINANCIAL COMMITTEES TO EXPLAIN VIETNAM'S CURRENT ECONOMIC WOES. HUNG ATTRIBUTED THE SERIOUS RECESSION TO THE AMERICAN TROOP WITHDRAWAL, WHICH DEPRIVED VIETNAM OF SUBSTANTIAL FOREIGN EXCHANGE EARNINGS; THE CONTINUING WAR, WHICH PREVENTS REALLOCATION OF RESOURCES TO DEVELOPMENT; AND WORLD PRICE INFLATION, WHICH HAS FURTHER SQUEEZED VIETNAM'S DWINDLING FOREIGN RESERVES. NONE OF THE OFFICIALS FORESAW AN EARLY REVERSAL OF THE ECONOMIC DOWNTURN. IN FACT, THEY CALLED FOR EVEN GREATER AUSTERITY IN THE FORM OF HIGHER TAX PAYMENTS AND REDUCED CONSUMPTION OF IMPORTS. IN AN EARLIER PRESS BRIEFING, NHAN PROPOSED TO SHIFT SOME OF THE TAX BURDEN FROM THE URBAN TO THE RURAL AREAS, WHILE RAISING OVERALL COLLECTIONS. THE MAIN SOLUTION THAT THE ECONOMIC TEAM OFFERED FOR THE PRESENT SITUATION IS TO INCREASE DOMESTIC PRODUCTION. THIS WOULD SOAK UP UNEMPLOYED (ESTIMATED AT ROUGHLY 20 PERCENT OF THE WORK FORCE), INCREASE EXPORT EARNINGS AND REDUCE IMPORT DEPENDENCE. THEY ALSO SUGGESTED-- ONLY HALF IN JEST--PRAYING FOR AN OIL STRIKE OFF THE COAST.

B. EXPORT EARNINGS SAG  
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PAGE 03 SAIGON 02968 03 OF 03 061256Z

REINFORCING THE GLOOMY ECONOMIC FORECASTS WERE NATIONAL BANK FIGURES PUBLISHED THIS WEEK SHOWING A DECLINE IN EXPORT EARNINGS DURING JANUARY. FOR THE MONTH THEY WERE ONLY US\$4 MILLION, HALF THE EXPECTED MONTHLY RECEIPTS. FISH PRODUCTS ACCOUNTED FOR US\$1.5 MILLION OF THE TOTAL, BUT A LARGE PORTION REPRESENTED BACK-LOGGED ORDERS WHICH WERE FINALLY DELIVERED AFTER JAPAN LIFTED ITS EMBARGO ON VIETNAMESE SHRIMP. LUMBER AND RUBBER EXPORTS WERE ONLY \$0.5 MILLION EACH. NO EFFECT OF THE LATE JANUARY POL PRICE HIKES ON FISHING AND LUMBERING WAS AS YET DISCERNIBLE IN THE EXPORT FIGURES. JANUARY'S DISAPPOINTING EXPORT PERFORMANCE AS PARTLY ATTRIBUTABLE TO THE NORMAL PRE-TET SLOWDOWN, BUT EARNINGS HAVE BEEN ON A DOWNWARD TREND SINCE LAST OCTOBER.

C. EXCHANGE RATE ADJUSTMENT

EFFECTIVE MARCH 4, THE GOVERNMENT RAISED THE OFFICIAL EXCHANGE RATE FROM 575 TO 590/US\$1. AT THE SAME TIME, THE SUBSIDY FOR CIP IMPORTS WAS NARROWED FROM VN\$85 TO 60/US\$1. THE LATTER MOVE WAS PART OF THE GOVERNMENT'S CONTINUING EFFORTS TO RESTRICT IMPORT DEMAND.

D. FOOD PRICES UPN

FOOD PRICES ROSE 1.4 PERCENT DURING THE WEEK ENDING MARCH 4, WHILE THE OVERALLV SAIGON CONSUMER INDEX EDGED UP 1.1 PERCENT. RICE PRICES WERE UNCHANGED, BUT MEAT AND FISH ITEMS ROSE FROM 4-11 PERCENT. RECENT POL PRICES INCREASES ARE PROBABLY BEHIND THE RISING FISH PRICE.

E. RUSH TO GOLD

THE GAP BETWEEN HONG KONG AND SAIGON GOLD PRICES BEGAN TO NARROW DURING THE WEEK. ON MARCH 1, THE HONGKONG RATE WAS US\$169.50/TROY OUNCE, WHILE THE MARCH 4 QUOOTE IN SAIGON WAS US\$128. BUT LATE REPORTS INDICATE THAT THE LOCAL SELLING PRICE CLIMBED TO AS HIGH AS US\$140 ON MARCH 6. BOTH ARBITRAGE AND SPECULATION APPEARED TO BE HE MOTIVES. MEANWHILE, BLACK MARKET QUOTES REVEALED CONTINUING DISINCLINATION TO HOLD DOLLARS. THE RATE FOR US\$100 GREEN ROSE TO 586/\$1 AFTER THIS WEEK'S DEVELUATION, BUT IT IS STILL BELOW THE OFFICIAL RATE.  
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PAGE 04 SAIGON 02968 03 OF 03 061256Z

MARTIN

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## Message Attributes

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**Draft Date:** 06 MAR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Review Comment:** n/a  
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**Review Date:** 22 APR 2002  
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**Review Exemptions:** n/a  
**Review History:** RELEASED <22 APR 2002 by ifshinsr>; APPROVED <28 JAN 2003 by GolinoFR>  
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**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EMBASSY SAIGON'S MISSION WEEKLY FEB 28 - MARCH 6 BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD:  
**TAGS:** PINT, PFOR, ECON, VS  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005